

Message Text

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PAGE 01 DACCA 03408 310248Z
ACTION AID-59

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TO SECSTATE WASHDC 9507

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PASS USDA

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E.O. 11652: N/A
TAGS: EAID, EAGR, BG
SUBJ: BDG STATEMENT ON USE OF PL-480 TITLE I EDIBLE OIL FOR
THE NEEDY UNDER THIRD AMENDMENT SIGNED MAY 23, 1978

REF: (A) STATE 123466, (B) DACCA 2104, (C) DACCA 3253,
(D) DACCA 3236

1. PARA 5 REF (A) STATES THAT IN ADDITION TO INFORMATION
IN THE MINUTES (REF B) CONCERNING THE USE OF THE EDIBLE OIL
UNDER THE THIRD AMENDMENT TO THE FY 78 TITLE I AGREEMENT
SIGNED MAY 23 (REF C), ADDITIONAL INFORMATION IS REQUIRED
UNDER PART II, ITEM IV OF THE AGREEMENT BEFORE ISSUANCE OF
PAS TO ENABLE A DETERMINATION THAT THE EDIBLE OIL WILL
BENEFIT THE NEEDY.

2. ALSO, PARA 4 REF (A) ASKED WHETHER 30,000 TONS OF EDIBLE
OIL WHICH COULD BE PROVIDED UNDER THE AGREEMENT WITH THE
\$16.1 MILLION ALLOCATION (IF PRICES SHOULD DROP SIGNIFI-
CANTLY) CAN BE DISTRIBUTED THROUGH THE MODIFIED RATION
SYSTEM, IN VIEW OF AN EARLIER BDG PROJECTION THAT ONLY
24,000 TONS A YEAR WERE REQUIRED FOR MR DISTRIBUTIONS.
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3. IN RESPONSE TO THE EMBASSY'S REQUEST FOR FURTHER
INFORMATION ON THE USE OF THE EDIBLE OIL, THE FOOD
MINISTRY ON MAY 25, 1978 PROVIDED A STATEMENT THAT IT
WILL DISTRIBUTE 2,500 TONS OF EDIBLE OIL PER MONTH OR 30,000 TONS
A YEAR TO NEEDY PEOPLE WHO ARE CLASSES A, B AND C CARD
HOLDERS IN THE MODIFIED RATION SYSTEM. TEXT OF STATE-

MENT FOLLOWS:

BEGIN TEXT: WITH REFERENCE TO FOOD MINISTRY'S
MEMO NO. 187-KHA-MA(EP-13) OIL-16/77 DT. 19.5.1978
THIS IS TO STATE THAT 30,000 METRIC TONS OF EDIBLE OIL
EQUIVALENT TO THE QUANTITY TO BE PROVIDED UNDER THE AMEND-
MENT TO FY 1978 PL-480 TITLE I AGREEMENT WILL BE DIS-
TRIBUTED THROUGH THE MODIFIED RATIONING SYSTEM BY RAISING
THE EXISTING MONTHLY QUOTA FROM 2,000 M.T. TO 2,500 M.T.
THE EDIBLE OIL WILL BE DISTRIBUTED TO A, B AND C CLASS
CARD HOLDERS UNDER M.R. THE 'A' CATEGORY CONSISTS OF THE
POOREST PEOPLE WITH VERY LIMITED INCOME WHO PAY NO UNION
TAX AT ALL. PEOPLE BELONGING TO THE 'B' CATEGORY ARE ALSO
VERY POOR WITH LIMITED PURCHASING POWEREV 'C' CATEGORY
PEOPLE ARE COMPARATIVELY LESS POOR BELONGING MOSTLY TO THE
LOWER FIXED INCOME GROUP. A.B.C. CATEGORIES FORM THE
VAST MAJORITY OF THE POPULATION IN THE M.R. AREAS AND THEY
SHOULD BE PROVIDED WITH EDIBLE OIL AT A CONTROLLED PRICE
WHICH IS MUCH CHEAPER THAN THE MARKET PRICE. THE PURCHASE
OF EDIBLE OIL AT CONTROLLED PRICE WILL HELP THEM TO MEET
AT LEAST SOME OF THEIR NUTRITIONAL REQUIREMENTS. WIGV
THUS APPEAR THAT THE EDIBLE OIL WILL DIRECTLY BENEFIT THE
NEEDY PEOPLE AND MEET THE REQUIREMENT OF PL-480 AGREEMENT,
AS AMENDED AS PER PARA '1' OF DRAFT AMENDMENT.

2. IT SHOULD BE NOTED THAT SUPPLY OF THIS QUANTITY
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OF OIL THROUGH M.R. IS QUITE MEAGER IN COMPARISON TO THE
ACTUAL DEMAND. HOWEVER ONE MUST APPRECIATE THE INTEN-
TION OF THE GOVT. OF BANGLADESH IN TRYING TO PROVIDE
VEGETABLE OIL TO THE RURAL POOR AS AN ADDITIONAL NUTRI-
TIONAL ELEMENT AND TO CATER TO THE GROWING DEMAND OF THE
LOWR MIDDLE CLASS (BELONGING TO THE 'C' CATEGORY) TO
IMPOROVE THEIR DIET WITHIN THE MEANS POSSIBLE TO THEM.

3. REGARDING SUPPLY OF EDIBLE OIL IN S.R. AREAS,
IT MAY BE STATED THAT ABOUT 15 PERCENT OF THE TOTAL POPU-
LATION OF THE COUNTRY IS COVERED UNDER STATUTORY RATIONING.
BUT SINCE THE OVERWHELMING NUMBER OF THE RATIONEES IN
S.R. AREAS ARE POOR PEOPLE WITH LIMITED INCOME, THEY NEED
A REGULAR SUPPLY OF EDIBLE OIL TO MEET THEIR REQUIREMENTS,
SUCH SUPPLY CAN BE ASSURED ONLY UNDER RATIONING. THUS THE
DISTRIBUTION OF EDIBLE OIL UNDER S.R. ALSO MEETS THE
REQUIREMENT OF THE NEEDY PEOPLE IN THE MAJOR URBAN AREAS.
END TEXT. (NOTE: FOR DEFINITION OF M.R. CLASSES A, B AND C
SEE REF B, PARA 4.).
SCHNEIDER

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